

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.



BIO-DYNAMIC GROUP LIMITED
生物動力集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 039)

CLARIFICATION ANNOUNCEMENT

Reference is made to the Announcement. The Company would like to clarify that the Consideration Shares are to be allotted and issued by the Company to the Vendor pursuant to the Specific Mandate instead of the General Mandate. On 5 August 2010, the Company and the Vendor entered into the Supplemental Agreement, pursuant to which, the Company and the Vendor agreed that Completion will be conditional upon, in addition to the Conditions, the approval by the Shareholders of the allotment and issue of the Consideration Shares under the Specific Mandate to the Vendor in accordance with the Listing Rules.

The Company would like to clarify that the Additional Consideration Shares are to be allotted and issued by the Company to the Vendor pursuant to the Specific Mandate, which is subject to approval by the Shareholders at the EGM. The Company would further like to clarify certain information in relation to the Proposed Acquisition.

Reference is made to the announcement of Bio-Dynamic Group Limited (the “**Company**”) dated 4 August 2010 (the “**Announcement**”) in relation to the Proposed Acquisition. Unless otherwise defined herein, terms used in this announcement shall have the same meaning as those defined in the Announcement.

ALLOTMENT AND ISSUE OF THE CONSIDERATION SHARES

The Specific Mandate

As disclosed in the Announcement, the Consideration Shares shall be allotted and issued pursuant to the general mandate granted by the Shareholders to the Directors in the annual general meeting of the Company held on 26 May 2010 (the “**General Mandate**”). The Company would like to clarify that the allotment and issue of the Consideration Shares by the Company to the Vendor pursuant to the Sale and Purchase Agreement will not be made pursuant to the General Mandate. Instead, the Consideration Shares will be allotted and issued by the Company to the Vendor pursuant to a specific mandate sought to be granted by the Shareholders to the Directors at an extraordinary general meeting of the Company (the “**EGM**”) for the allotment and issue of the Consideration Shares and the Additional Consideration Shares (the “**Specific Mandate**”).

The Supplemental Agreement

With the view to allot and issue the Consideration Shares under the Specific Mandate, the Company and the Vendor entered into a supplemental agreement to the Sale and Purchase Agreement on 5 August 2010 (the “**Supplemental Agreement**”), pursuant to which Completion will be conditional upon, in addition to the Conditions, the approval by the Shareholders of the allotment and issue of the Consideration Shares under the Specific Mandate to the Vendor in accordance with the Listing Rules (the “**Additional Condition**”).

Except for the Additional Condition, the consideration of the Proposed Acquisition and the other terms of the Sale and Purchase Agreement remain unchanged.

ALLOTMENT AND ISSUE OF THE ADDITIONAL CONSIDERATION SHARES

As disclosed in the Announcement, the Additional Consideration Shares shall be allotted and issued by the Company to the Vendor upon, among other things, the approval by the Shareholders of the allotment and issue of the Additional Consideration Shares in accordance with the Listing Rules.

The Company would like to clarify that, upon occurrence of the Adjustment Events (as defined below), the Additional Consideration Shares are to be allotted and issued by the Company to the Vendor pursuant to the Specific Mandate, which is subject to approval by the Shareholders at the EGM.

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Additional Consideration Shares.

The Company expects that a circular containing details of the Specific Mandate will be despatched on or before 20 August 2010.

THE PROPOSED ACQUISITION

Information on the Vendor

The Company would like to clarify that the ultimate beneficial owners of the Vendor are third parties independent of the Company and its connected persons.

Consideration Adjustment

As disclosed in the Announcement, the consideration for the Sale Shares shall be adjusted upwards by an amount of HK\$18,000,000, which shall be satisfied by the Company by the allotment and issue of the Additional Consideration Shares to the Vendor (the “**Consideration Adjustment**”) upon occurrence of the events (the “**Adjustment Events**”) set out in the subsection headed “Consideration Adjustment” under the section headed “Sale and Purchase Agreement” of the Announcement.

The Company would like to further clarify that, according to the Sale and Purchase Agreement, if the Adjustment Events do not occur, the Company will not have any obligation, and the Vendor will not be entitled to any rights or remedy to demand or claim against the Company, in relation to the Consideration Adjustment.

Except for the above clarifications by the Company, the contents of the Announcement remain full and complete and accurate in all material aspect. The consideration of the Proposed Acquisition and, subject to the Supplemental Agreement, the other terms of the Sale and Purchase Agreement remain unchanged.

By Order of the Board
BIO-DYNAMIC GROUP LIMITED

Peter Lo
Chairman

Hong Kong, 5 August 2010

As at the date hereof, the executive directors are Mr. Peter Lo, Mr. Li Wentao, Mr. David Lee Sun, Mr. Zhao Difei, Mr. Li Jian Quan and Mr. Lu Gui Pin; the non-executive director is Mr. Derek Emory Ting-Lap Yeung; and the independent non-executive directors are Dr. Leung Kwan-Kwok, Mr. Sam Zuchowski and Dr. Loke Yu alias Loke Hoi Lam.